

Message Text

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61
ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 H-03 INR-11 L-03 NSAE-00

NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20 EB-11 TRSE-00

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R 171740Z JUL 74
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 4651
INFO SECDEF WASHDC
USIA WASHDC
CINCLANT
COMICEDFOR
USMISSION NATO
AMEMBASSY BONN
AMEMBASSY COPENHAGEN
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM

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EO 11652: NA
TAGS: PINT IC
SUBJECT: ICELANDIC POLITICAL SITUATION - INDEPENDENCE
PARTY CHAIRMAN SEEKS ALL-PARTY APPROACH TO ECONOMIC PROBLEMS

1. IN FIRST MAJOR PUBLIC MOVE SINCE GETTING MANDATE TO TRY
TO FORM NEW GOVERNMENT, INDEPENDENCE PARTY CHAIRMAN
GEIR HALLGRIMSSON HAS CALLED FOR AN ALL-PARTY EFFORT TO
SOLVE ICELAND'S ECONOMIC DIFFICULTIES. PROPOSAL WAS
CONTAINED IN LETTER SENT TO OTHER PARTY LEADERS JULY 16.
HALLGRIMSSON ALSO FURNISHED HIS COUNTERPARTY WITH RESULTS
OF ECONOMIC SURVEY HE RECENTLY ORDERED AND, BASED ON THAT
AND OTHER DATA, INVITED THEM TO MEET TOGETHER TO SEEK
WIDEST POSSIBLE CONSENSUS FOR TACKLING ECONOMIC PROBLEMS.
ALL PARTIES, EXCEPT OLL, WERE REPORTEDLY MEETING TODAY

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TO CONSIDER PROPOSAL.

2. IN LETTER, HALLGRIMSSON DOES NOT DISCUSS DIRECTLY
QUESTION OF GOVERNMENT FORMATION AND HE ACKNOWLEDGES THAT
WHILE ECONOMY IS ICELAND'S MOST PRESSING CONCERN, PARTIES
WILL HAVE TO RESOLVE OTHER IMPORTANT QUESTIONS (IE,
DEFENSE ISSUE) BEFORE THEY COULD COOPERATE IN COALITION.

3. COMMENT: BY APPEALING IMPARTIALLY TO ALL PARTIES,
HALLGRIMSSON LEAVES OPEN ALL POSSIBLE COALITION COMBINATIONS
INCLUDING -- CONCEIVABLY -- AN ALL-PARTY ONE. HIS MOVE
IS ALSO CONSISTENT WITH IP APPROACH SINCE ELECTION OF
DOWNPLAYING DEFENSE ISSUE, WHICH IS MAJOR OBSTACLE TO
FORMING IP-LED GOVERNMENT, IF FAVOR OF ECONOMIC MATTERS.
STILL, PREVAILING ESTIMATE IS THAT HALLGRIMSSON WILL NOT
RPT NOT SUCCEED IN THIS FIRST ROUND.

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Message Attributes

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